

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 396 - SB 508

March 24, 2009

SUMMARY OF BILL: Creates the Tennessee Colon Cancer Screening Program which requires the Department of Health to provide colon cancer screenings for uninsured individuals who are 50 to 64 years of age and other high risk individuals. The Department is required to create a data collections system to document the number of individuals screened, the demographic characteristics of the individuals screened, and the types of colon cancer screening performed under the program. Creates an 11 member advisory committee to consult with the Department in the administration of the program.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$89,200/One-Time
\$3,702,200/Recurring
\$1,700/Each One-Day Meeting**

Increase Local Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would not result in a significant increase in the cost of health insurance premiums for plans that do not cover colon cancer screenings.

Assumptions:

- According to the Department of Health, staffing for this program will be similar to the Breast and Cervical Cancer Screening Program staff because the proposed program has similar screening and data collection requirements.
- The Department estimates the need for a program director, a nurse consultant, an information resource specialist, a public health educator, and an administrative assistant to manage, administer, and support the program from the central office. The Department also estimates that each of the seven regions will need a nurse consultant to establish the

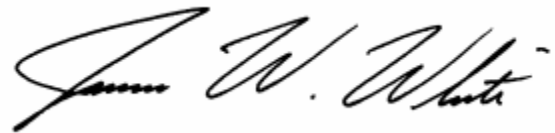
program in the region, train staff for data collection, monitor test results, and provide case management.

- These twelve positions are estimated to result in an increase in one-time expenditures of \$52,800 which includes costs for computers and printers (\$20,400) and office set-up (\$32,400).
- These positions are estimated to result in an increase in recurring expenditures of \$909,877 which includes salaries (\$534,684), benefits (\$181,793), administrative costs (\$94,800), communications and networking (\$18,200), office leases (\$49,200), travel (\$24,000), and supplies (\$7,200).
- Based on U.S. Census Bureau estimates, the Department of Health estimates 15,000 uninsured individuals would be screened. Based on the Medicare rate for an office visit (\$86), FOBT kit (\$5), and lab costs (\$5), the estimated cost per screening is \$96 resulting in an increase in expenditures of \$1,440,000 (15,000 x \$96).
- The Department estimates that approximately nine percent, or 1,350 (15,000 x .09), would need further testing. The Medicare rate for a colonoscopy is \$600 resulting in an increase in expenditures of \$810,000.
- According to the Department, the rate of incidence of colon cancer is 1 in 1,000. To provide treatment for colon cancer to two individuals will result in an increase in expenditures of \$100,000 (2 x \$50,000 per treatment).
- The Department contracts with Davidson, Hamilton, Knox, Madison, Shelby, and Sullivan counties to provide services. The Department estimates an increase in one-time expenditures of \$26,400 and recurring expenditures of \$412,300 for those counties to provide the screening program.
- Technical modifications to the Patient Tracking and Billing Management Information System (PTBMIS) are estimated to increase one-time expenditures by \$10,000 to collect the necessary patient data.
- The bill requires the establishment of an ongoing media campaign which will result in an increase in expenditures of \$30,000.
- The bill creates an 11 member advisory committee that will not be compensated, but will receive travel reimbursement. It is estimated that each member will receive approximately \$154.44 mileage per meeting resulting in an increase in expenditures of \$1,699 each one-day meeting.
- The Department of Commerce and Insurance will not incur a significant increase in expenditures to regulate the mandated coverage. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.
- According to the Department of Finance and Administration, the mandate will not apply to the State Employee, Local Government, and Local Education Health Plans.

- The Cover Tennessee and TennCare programs offer coverage for colorectal cancer screenings as appropriate under standards of medical necessity.
- Any local government that does not opt into the state employee health plan may incur an increase in expenditures if colorectal cancer screenings are not a covered benefit. Any increase is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kml